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INDUSTRIAL PRODUCTION FIGURES FOR THE FIRST 5 MONTHS OF 1984

PRODUCT	May 1984	Jan-May 1984	%Jan-May 1984 over Jan-May 1983
Electricity (bil.kw.hrs.)	113	640	106
Petroleum (incl. gas condensate) (mil. tons)	52.6	256	99.9
Natural gas (bil.cu.mtrs)	48.1	242	109
Coal (mil.tons)	56.8	303	99.7
Steel (mil.tons)	13.1	65.	102
Fertilizer (mil. tons)	2.7	13.	103
Metal-cutting tools (mil. rubles)	194	983	109
Robots (1000s)	1.1	5.1	158
Computer Technology (mil.rubles)	0.3	1.4	114
Automobiles (1000s)	105	552	102
Tractors (1000s)	4.1	21.1	102
Paper (1000 tons)	0.5	2.4	104
Cement (mil.tons)	11.3	54.0	102
Meat (mil. tons)	0.7	3.7	100
Margarine (1000 tons)	115	655	98
Watches (mils)	5.5	28.0	96
Radios (mils)	0.8	3.9	102
Television sets (millions)	0.3	1.5	107

INDUSTRIAL PRODUCTION FOR THE FIRST FIVE MONTHS OF 1984

Industrial production for the first five months of 1984 seems to be on the upswing for many of the items listed here. Comparing January-May 1983 with January-May 1984, all items have either increased or remained the same, with the exception of coal, paper products, margerine, television sets, fertilizer and tractors.

The industries demonstrating the largest increases over the last year (May 1983 to May 1984) are: electricity, which went from 109 to 113; Natural gas, up from 44.5 to 48.1; and metal-cutting tools, which went from 181.0 to 194! Computer technology was recorded at 0.3 both last May and this May, while the other items on the list have essentially remained the same, fluctuating only slightly.

Comparing the first 5 months as a whole of 1983 and 1984, margarine fell from 667 to 655; paper from 12.9 to 2.4; television sets from 3.5 to 1.5; coal from 304 to 303; and watches from 29.1 to 28.0. Inexplicably, there seems to have been a tremendous drop in the figures for tractors and fertilizer: tractor production went from 238 to 21.1, and fertilizer production from 101.3 to 13.0.

Jean Monahan

CURRENCY FIGURES

Rubles Purchased Per 100	June 1983	May 1984	June 1984
Austrian shilling	4.11	4.15	4.17
U.K. pound	113.96	111.60	110.86
W. German mark	28.97	29.14	29.32
U.S. dollar	74.00	80.45	80.10
French franc	9.62	9.45	9.54
Japanese yen	.305	.348	.346
Italian lira	.0488	.0472	.0474
Swiss franc	34.78	35.26	35.48

The currency exchange figures released by Gosplan for June 1984 reveal that the Austrian shilling, West German mark, French franc, Italian lira and Swiss franc have all shown improvement over the last month. Over the last year, only the Austrian shilling, West German mark, U.S. dollar, Japanese yen and Swiss franc have shown improvement.

The RUSSIAN RESEARCH CENTER takes no official stand on any economic or political matter. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editor, Marshall I. Goldman.

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U.S. TRADE WITH EASTERN EUROPE FOR THE FIRST QUARTER OF 1984

According to the Department of Commerce, while both U.S. exports and imports to and from Eastern Europe increased during the first quarter of this year compared to the previous quarter of last year, U.S. imports from Eastern Europe increased considerably more. As a result the United States now has a significant trade deficit with Eastern Europe, or at least did in comparison to the first quarter of 1983. In fact, as a look at the total figures for 1981, '82 and '83 suggest beginning in 1983, what had been healthy trade surplus has now turned into a trade deficit, undoubtedly linked to the very strong American dollar. The biggest gain in imports was in Naptha and Motor fuels, Urea, of all things corn, aluminum sheet and textiles. The biggest increase in exports was in soybeans and sorghum. The two products together accounted for virtually all of the increase.

The country that accounted for the biggest growth in American imports from Eastern Europe was Rumania. We imported 111 million dollars more goods in the first quarter of 1984 than we had in the preceding year. Most of that was Naptha or other petroleum-based derivatives. The next largest increase in imports was from Hungary, which sold us 14 million dollars more. The other changes were minor, and our imports from Poland actually dropped.

see charts, pages 4, 5 & 6

US-Soviet relations may thaw in fall

By Marshall I. Goldman

COMMENTARY

Everyone I meet these days asks, "Are American-Soviet relations so bad?" As with so many questions, the answer is yes and no. Yes, our relations are poor, and it is hard to see any signs of improvement between now and at least the US election. More important, there is a danger that the hostilities may take on a momentum of their own, so that it may be difficult to reverse course. Out of anger and frustration, each side may feel itself so aggrieved that it may be difficult to resume a less vitriolic relationship.

At the same time, as tense as things are, they have not yet reached the near combustion condition of the 1950s. The links become more tenuous each day, but so far they continue to exist. The hope is that there will be no new crisis between now and the elections. Then with luck and politics out of the way, both sides are more likely to seek a somewhat more reasonable relationship.

Both countries are at fault

It is not hard to attribute blame for the present depressing condition. We are both at fault. Ronald Reagan swept into office determined to redress the decline in relative military strength. When the United States reduced real expenditures on weapons after Vietnam, the Soviets steamed ahead. Reagan and his advisers realized that given the trend the Soviet Union would soon surpass US military strength. Thus the United States moved quickly and vigorously to accelerate its rate of development.

The Soviets saw this as a threatening development, but they probably could have lived with it. Indeed, they had great expectations from the Reagan Administration. They were expecting a repeat of the Nixon Administration – tough words and acts, but Richard Nixon, after all, initiated detente.

To their horror, however, Reagan seemed to be quite different from Nixon. Given the Soviet invasion of Afghanistan, its exile and abuse of scientist Andrei Sakharov, Reagan had plenty to attack. In fact he seemed so intent on principle that the Russians began to sense that everything else was being sacrificed in a drive to destroy the Soviet Union. Nor did Reagan's rhetoric that "the Soviet Union was the focus of evil" help. In truth, the shock the Soviets expressed over Reagan's words was in part disingenuous. After all, the Soviet press is filled with comparable language about the United States. But when Reagan decided to match Soviet words as well as Soviet missiles, their worries increased.

Nor did it help that, at least since 1980, the Soviet Union has found itself either preparing for a leadership transition or in a state of transition. Because of old age, sickness and death, it has become hard not only for foreigners but also for Soviet leaders to determine who is in charge. Thus, Yuri Andropov and Konstantin Chernenko both started out by expressing their hopes for closer US-Soviet relations. But in both cases Andrei Gromyko seemed to emerge as the foreign-policy decision maker, and it has become clear that he has become anti-Reagan, if not anti-American.

Approaching 75, Gromyko has outlived most of those who at one time derided him as being not much more than an errand boy. His current authority is reflected in his demeanor. During the May visit of West German Foreign Minister Hans-Dietrich Genscher with Chernenko, Genscher was struck by the fact that Gromyko "often interrupted and took over in all substantative matters." This would have been unheard of under Nikita Khrushchev or during the healthier years of Leonid Brezhnev. Similarly, Gromyko himself reportedly telephoned Georgy Arbatov and ordered him not to sign a renewal of the US-Soviet cultural-exchange agreement. Under normal circumstances, such a minor matter would not be worth the time of the minister of foreign affairs. But it seems clear that Gromyko is determined to show that there can be no traffic between the two nations as long as Reagan is in power.

Trade officials in low-level meeting

Of course some contact between the two nations continues. Trade officials in both countries just had a low-level meeting in Washington last month, the first in two years. Some trade still flows, including a just-signed agreement to sell $5 million worth of US equipment to make paper milk cartons.

After the election, both Soviet officials and the US President will have a chance to reappraise their policies toward one another. Reagan, assuming he is re-elected, already has signaled that he is more amenable to meeting with the Soviets and to showing flexibility over the installation of missiles than he was six months ago. Indeed, he seems generally perplexed about why the Soviets so fear the United States. There is also a good chance that the Soviets will prove to be as flexible as they were after the German elections. In any case, it is unlikely that Chernenko or Gromyko will last too much longer.

A change in leadership may make possible some new opportunities. Once the election is over, the Soviets may decide that it is time to resume negotiations. Presumably that will be the case whether Reagan is re-elected or not. Four years is too long to wait for a new President, even for the Soviets.

Marshall I. Goldman is professor of economics at Wellesley College.

05/08/84
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All items in U.S. domestic exports to EASTERN EUROPE,
1981, 1982, 1983, January-March 1983, and January-March 1984

(In thousands of dollars; f.a.s. value)

SITC Number	Description	1981	1982	1983	January-March-- 1983	January-March-- 1984
0	Food & live animals	1,372,971	474,670	321,173	82,122	98,071
1	Beverages & tobacco	26,503	11,245	21,763	7,337	2,373
2	Crude mat'l--inedible,not fuel	176,576	206,588	254,519	77,704	93,441
3	Mineral fuels, lubricants, etc	41,107	17,399	16,201	7	2,130
4	Oils & fats--animal & veg prod	14,389	16,465	13,482	2,529	1,438
5	Chemicals	78,417	79,194	67,351	5,689	8,869
6	Man'd goods by chief material	30,088	23,060	25,080	5,235	7,833
7	Machinery & transport equip	121,417	107,529	84,964	18,986	17,042
8	Miscellaneous man'd articles	28,090	35,935	27,638	5,516	4,869
9	Commodities & transactions nec	8,472	24,301	44,525	8,680	12,905
	Total	1,898,029	996,387	876,695	213,806	248,971
	Total, all items exported to EASTERN EUROPE	1,898,029	996,387	876,695	213,806	248,971

Source: Compiled from official statistics of the U.S. Department of Commerce.

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All items in U.S. imports for consumption from EASTERN EUROPE,
1981, 1982, 1983, January-March 1983, and January-March 1984

(In thousands of dollars; customs value)

SITC Number	Description	1981	1982	1983	January-March-- 1983	January-March-- 1984
0	Food & live animals	179,507	134,417	162,492	51,405	46,031
1	Beverages & tobacco	24,481	23,849	34,951	8,912	7,842
2	Crude mat'l--inedible,not fuel	14,858	9,329	9,584	2,289	1,909
3	Mineral fuels, lubricants, etc	151,759	99,431	281,786	42,300	125,927
4	Oils & fats--animal & veg prod	1,047	430	0	0	0
5	Chemicals	36,371	33,327	53,305	11,674	24,767
6	Man'd goods by chief material	327,331	148,040	154,109	31,344	50,744
7	Machinery & transport equip	231,946	144,951	107,919	25,754	37,898
8	Miscellaneous man'd articles	213,629	222,641	202,014	44,215	50,986
9	Commodities & transactions nec	3,937	7,275	4,318	614	728
	Total	1,184,865	823,691	1,010,479	218,508	346,882
	Total, all items imported from EASTERN EUROPE	1,184,865	823,691	1,010,479	218,508	346,882

Source: Compiled from official statistics of the U.S. Department of Commerce.

05/08/84
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Leading items in U.S. imports for consumption from EASTERN EUROPE in January-March 1984, 1981, 1982, 1983, January-March 1983, and January-March 1984

(In thousands of dollars; customs value)

TSUSA Number	Description	1981	1982	1983	January-March-- 1983	January-March-- 1984
4753500	Naphthas derived petroleum,-----	49,975	19,786	24,017	0	53,522
4752520	Gasoline----------	90,241	69,846	207,709	41,936	43,004
1073525	Pork hams & shouldrs, boned,----	127,271	87,409	119,996	35,379	24,104
4756530	Liquid derivatives of----------	0	0	0	0	23,600
6923288	Parts nspf of motor vehicles----	21,079	12,045	18,740	3,778	9,836
4803000	Urea, nspf----------	2,893	1,760	10,885	0	9,014
1922520	Hogs, nspf----------	0	8,424	5,733	5,462	6,722
1303000	Corn or maize certified---------	4,507	5,041	0	0	5,700
4751015	Light fuel oils a tcr 25deg-----	8,908	7,701	36,246	0	5,575
1702800	Cigarette leaf, not stemmed,----	18,391	17,659	25,835	5,870	5,500
6182563	Aluminum sheets and strip, n--:	0	0	0	0	4,559
4805000	Potassium chloride or----------	4,150	3,290	8,557	3,829	4,244
3799565	Mens and boys suits manmade-----	0	3,796	3,314	1,278	4,233
6869030	Other lamps including----------	9,330	11,456	10,707	3,082	4,028
7004540	Footwear, leather, cement-------	14,211	20,568	21,439	3,845	3,679
6923406	Tractors, wheel ex gardn new----	10,754	12,192	5,653	1,339	3,630
6923460	Parts of agricultural----------	10,718	8,704	3,094	697	3,452
3359500	Other woven fabric of veg-------	10,697	12,789	6,063	1,717	3,418
3835395	Womens girls infants other------	0	341	504	57	3,058
6081330	Ir o st sht, zinc coated not----	0	0	1,355	15	2,651
3833415	Oth womens raincoats over $4----	0	6,909	4,456	2,052	2,370
5466020	Imblrs, qblts, a stmwre ov------	8,200	6,752	8,491	1,774	2,310
5466640	Gl tbl kthn cookwre nt cut-----	1,826	1,318	2,892	532	2,302
6462622	Nails etc iron/steel, smooth----	5,469	1,956	4,961	841	2,249
7725109	Pneumatic tires, new, for-------	0	3,619	7,959	2,374	2,114
7271500	Furniture and parts of----------	7,386	7,606	7,028	1,995	2,108
3798355	Mens or boys other wool ntkt----	0	13,891	9,470	2,844	1,879
7002960	Footwear for men, leather,------	5,972	14,453	6,741	1,379	1,737
4806550	Nitrogen solutions-------------	0	0	4,654	0	1,731
6071700	Steel wire rods no alloy not----	114	2,265	8,763	2,089	1,707
	Total----------	412,091	361,578	575,305	124,165	244,033
	Total, all items imported from EASTERN EUROPE-------	1,184,865	823,691	1,010,479	218,508	346,882

Source: Compiled from official statistics of the U.S. Department of Commerce.

05/08/84
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Leading items in U.S. domestic exports to EASTERN EUROPE in January-March 1984, 1981, 1982, 1983, January-March 1983, and January-March 1984

(In thousands of dollars; f.a.s. value)

Sched B Number	Description	1981	1982	1983	January-March-- 1983	January-March-- 1984
1754100	Soybeans, except seed for plan--	49,620	84,751	125,056	41,200	60,291
1303465	Yellow corn, not donated for r--	914,105	296,923	118,231	34,265	35,389
1845260	Soybean oil cake and oil-cake---	275,628	83,778	121,520	22,878	33,606
1201400	Cattle hides, whole----------	39,027	61,456	65,428	20,412	18,910
1304040	Grain sorghum, except seed-----	0	0	0	0	15,135
8183900	Commodities nspf, donated for---	4,608	20,489	40,648	7,423	10,674
4809500	Other fertilizers, including c--	0	0	32	0	9,493
1301040	Barley, nspf----------	13,704	0	7,002	0	7,045
1306540	Wheat, unmilled, not donated f--	54,589	14,228	6,139	0	2,758
6923840	Parts, nspf, of tractors, exce--	4,462	6,923	3,879	1,081	2,309
6055560	Platinum products, nspf, not r--	69	42	16	16	2,208
5213110	Low volatile bituminous coal a--	15,399	11,180	16,145	0	2,111
4040580	Hydrocarbons, cyclic, excl der--	0	2,287	657	0	1,822
6765560	Parts, nspf, of automatic data--	5,672	5,706	4,992	1,056	1,545
8188000	Shipments valued $10,000 and u--	0	0	0	0	1,525
8183100	Food products, nspf, donated f--	4,512	14,437	4,876	768	1,328
1777390	Animal oils, fats, and greases--	0	215	1,607	0	1,305
1703340	Tobacco, burley leaf cigarette--	2,718	1,835	5,321	3,550	1,267
1706500	Cigarettes----------	10,694	3,277	6,204	1,344	1,091
8184000	Used wearing apparel and other--	1,016	6,116	3,549	1,117	1,086
5404200	Glass rods, tubes, & tubing, n--	3,010	2,722	3,246	1,025	1,064
4353300	Corticosteroids, nspf, bulk-----	2,499	810	685	0	990
3094242	Polyester fibers in noncontinu--	276	1,056	2,121	215	975
6660059	Agricultural and horticultural--	297	165	276	245	951
6640588	Parts, nspf, of excavating mac--	133	621	3,646	1,788	895
1303440	Corn seed, except sweet corn s--	1,577	1,707	1,318	828	893
6743598	Metalforming machine tools, ne--	31	1,114	0	0	877
6785065	Machines for production & asse--	2,240	332	1,508	6	798
1314030	Wheat flour, except durum and---	115	7,780	7,382	1,860	707
4868900	Herbicide preparations, nspf----	651	113	89	89	690
	Total----------	1,403,651	630,062	551,570	141,168	219,738
	Total, all items exported to EASTERN EUROPE---------	1,898,029	996,387	876,695	213,806	248,971

Source: Compiled from official statistics of the U.S. Department of Commerce.